

State of Washington  
Department of Labor and Industries  
2006 Supplemental Decision Package

<b>Decision Package Code/Title</b>	<b>CV</b>	<b>Victims of Unsecured Loads</b>
<b>Budget Period</b>	<b>2005-07</b>	<b>2006 Supplemental Budget</b>
<b>Budget Level</b>	<b>M1</b>	<b>Maintenance Level</b>

### **Recommendation Summary Text**

The 2005 Legislature passed Substitute House Bill 1478 (Chapter 431, Laws of 2005) which amended Title 46 RCW concerning vehicular crimes. This bill created a new crime known as "failure to secure a load" Failure to secure a load in the first degree occurs when substantial bodily harm to another is caused. Agency request legislation proposes a technical correction to SHB 1478 and provides the circumstances under which victims of vehicular crimes can receive benefits from the Crime Victims Compensation Program (CVC). Increased appropriation is requested to cover the cost of benefits provided to victims meeting this new definition.

### **Fiscal Detail: (Your budget analyst will fill this in)**

**Staffing (B6):**

**TOTAL FTEs**

<b>FY 2006</b>	<b>FY 2007</b>	<b>TOTAL</b>
0.0	0.0	0.0
<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Operating Expenditures:**

02V - Public Safety and Education Account

**TOTAL Expenditures**

<b>FY 2006</b>	<b>FY 2007</b>	<b>TOTAL</b>
0	236,000	236,000
<b>0</b>	<b>236,000</b>	<b>236,000</b>

### **Package Description:**

Chapter 7.68 RCW specifies that crimes involving the operation of a vehicle are not "criminal acts" unless listed in the statute as exceptions. SHB 1478 (Chapter 431, Laws of 2005) did not provide this exception. However, while signing the bill into law, Governor Gregoire stated that victims under this law will be able to receive benefits under the Washington State Crime Victims Compensation Program (CVCP).

In its present form SHB 1478, which amended Title 46 RCW concerning vehicular crimes, does not provide circumstances under which victims of this crime can receive benefits. L&I proposes agency request legislation making failure to secure a load as one of the exceptions under RCW 7.68.020. Once adopted into law it provides benefits to victims of crime which currently are not eligible.

We are projecting the cost for the new benefits to be \$236,000 for the current biennium. RCW 7.68.015 requires CVCP to operate under the conditions and limitations of its appropriation. CVCP can absorb the additional workload created by the new law but expects a financial shortfall without additional appropriation to cover the cost of the benefits to qualifying victims.

The CVC program provides relief to injured victims of crime and their families while assisting in their recovery from the effects of violent crime. Assistance to victims includes payment for several different areas including physical injury and mental health trauma, loss of wages, awards for partial disabilities, pension and burials. Statutes require CVC be a secondary payer of these benefits. Victims must first use available public or private insurance before receiving CVC benefits.

### **Narrative Justification and Impact Statement**

This decision package contributes to L&I 's goal to improve service delivery to crime victims. It supports the Priority of Government Result #8: Improve the safety of people and property, Result #4: Improve the health of Washington citizens, and Result#5: improve the security of Washington's vulnerable children and adults.

#### **Performance Measure Detail:**

**Goal(s) to which this change is tied:**

**The goal of the Crime Victims' Compensation Program is to provide services to reduce the impact of violent crime to eligible crime victims.**

<b>Performance Measure Changes:</b>	<b>Incremental Changes</b>	
	<b><u>FY 2006</u></b>	<b><u>FY 2007</u></b>
Outcome Measures:		3-4 victims served
Output Measures:		
Efficiency Measures:		

#### **Statement of Expected Results:**

The proposed legislation will allow the Crime Victims Program to provide services to eligible victims of the crime of failure to secure load.

**Reason for change**

Currently, victims of failing to secure a load cannot receive benefits from the Crime Victims Compensation Program. This rule will correct that.

**Impact of the change on clients and services**

This will allow victims for failure to secure load to receive benefits without reducing current resources available to victims of other allowed crimes.

**Other impacted programs/divisions/regions**

None

**Relationship to capital budget**

None

**Required changes to existing RCW, WAC, contract or plan**

Section 1 Chapter 7.68 RCW specifies that crimes involving the operation of a vehicle are not criminal acts” unless listed in the statute as exceptions, this legislation includes failure to secure a load as one of the exceptions.

**Alternatives explored by agency**

None

**Budget impacts in future biennia**

The program updates the CVC forecast of benefit expenditure needs at least once each year. If the trends for claim filing and the demand for claims services increases above the estimates in this decision package, increase appropriation will be necessary in future biennia.

**Distinction between one-time and on-going costs**

All costs are assumed to be on going

### **Effects of non-funding**

If the department's request legislation passes and is not funded the CVCP will still have to pay benefits for victims of this crime type. This places a greater burden on the current appropriation limiting the resources available for the current recipients of the CVCP.

### **Expenditure Calculations and Assumptions**

#### Facts:

- We requested statistical data from Washington State Patrol, the Department of Transportation, Safeco Insurance, Insurance Services Organization in New York, and the Office of Victims of Crime in Washington DC. As of the writing of this decision package there is no statistical data available regarding this type of incident.
- L&I is aware of three separate incidents from Calendar Year 2004 resulting in four people being seriously injured due to someone's "failure to secure a load". Two sustained fatal injuries. The other two sustained permanent total disabilities.
- The CVCP allowed 260 motor vehicle claims in Calendar Year 2004. Out of the 260 allowed claims, 154 did not have automobile insurance. CVCP paid benefits to 61 of the 106 because benefits exceeded the insurance coverage. This data reflects that 59 percent did not have automobile insurance at the time of incident.
- Statute requires CVCP to be a secondary payer of benefits. Victims must use available public or private insurance before the program can pay benefits. Most medical costs would be immediate. Since we are payer of last resort, the victims would need to exhaust all other insurance before Crime Victims would pay benefits.

#### Assumptions:

This is a new law and without statistical data we are basing our assumptions on our knowledge of three incidents affecting four people in Calendar Year 2004. Two people died, one is permanently blind and the other sustained a serious permanent brain injury.

Assuming Calendar Year 2004 is a representative year, we anticipate medical costs of \$400,000 per year based on:

- Two of the victims would have medical costs of \$150,000 each.
- Two of the victims would have some insurance leaving medical costs obligation for CVCP of about \$50,000 each.

We know from past experience that most medical costs are incurred soon after the incident. However, some claimants have other insurance coverage and would have to exhaust the other coverage before CVCP would pay medical costs. Given this fact, and the fact that some incidents will occur late in the year, we assume that CVCP will incur 50 percent of the medical costs the same year as the incident, 30 percent the next year, 15 percent the following year, and five percent the year after that.

Assuming CY 2004 is a representative year, we anticipate pension costs of \$160,000 per year based on four victims (or the surviving spouse and/or children) will receive pension payments until they reach a maximum of \$40,000 (as required by RCW 7.68.070(13)).

If we assume that the crime occurred in the middle of the year, they will receive six months of payments for the year of the incident. We started with an average of \$1,500 per month and assumed a 2.5 percent increase each July. They will receive six months of payments the first year, 12 months of payments the second year, and payments thereafter until they reach the maximum of \$40,000 the third year.

Based on the above assumptions the biennial costs for 2005-07 would be approximately \$236,000. Increasing to \$957,000 in 2007-09.

	FY 2006	FY 2007	TOTAL Biennium	Biennium 2007-2009	Biennium 2009-2011	TOTAL
<b>FTEs</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>Objects of Expenditure:</b>						
A - Salary and Wages	0	0	0	0	0	0
B - Employee Benefits	0	0	0	0	0	0
C - Personal Service Contracts	0	0	0	0	0	0
E - Goods and Services	0	0	0	0	0	0
G - Travel	0	0	0	0	0	0
J - Capital Outlays	0	0	0	0	0	0
N - Grants/Benefits	0	236,000	236,000	957,000	1,094,000	2,287,000
<b>TOTAL Expenditures</b>	<b>0</b>	<b>236,000</b>	<b>236,000</b>	<b>957,000</b>	<b>1,094,000</b>	<b>2,287,000</b>
<b>Funds:</b>						
001-General Fund	0	0	0	0	0	0
02V-PSEA	0	236,000	236,000	957,000	1,094,000	2,287,000
095 Electrical	0	0	0	0	0	0
608 Accident Account	0	0	0	0	0	0
609 Medical Aid Account	0	0	0	0	0	0
Other (specify fund code)	0	0	0	0	0	0
<b>TOTAL Funds</b>	<b>0</b>	<b>236,000</b>	<b>236,000</b>	<b>957,000</b>	<b>1,094,000</b>	<b>2,287,000</b>